

3/27/2002

FCC
Docket 02-50
XO Communications

Gentlemen,

I worked with XO Communications in 2000 and early 2001 on a large project to covert some of their computer systems. I reviewed their business plan, read all of their SEC filings, understood that a single shareholder (and founder) had majority voting rights. I researched the background of this shareholder, Craig McCaw, and found a track record of success in the industry, I decided to invest a large portion of my 401K in XO stock.

The so-called restructuring of XO Communications is nothing more than a power grab by one of the investors who has placed associates in key positions within the company. The restructuring plan gives a company with assets worth several billion, and over a billion in cash, to Forstmann-Little (FL) for a cash infusion of 800 million. Also, as part of this plan, 38% ownership goes to a foreign telephone company. I am very suspicious of existing deals that will allow FL to purchase this 38% as soon as FL can raise the capital.

I began purchases after the 1Q01 earnings conference call, where Nate Davis stated that XO was funded into the first half of 2003. Based on these comments and company press releases, I felt XO would survive the downturn in the market and the telecommunications sector, and shareholders would prosper in the long run.

Then, out of the blue, comes the announcement on 11/29/2001 of this restructuring deal. Common shareholders are told their ownership is of no value, and FL is buying 78% of the company for \$800 million. The bond holders offered pennies on the dollar, and an 18% common shareholder stake. The other 4% common stake is effectively to be shared by the management of XO. Note that 4% of a 5 billion dollar company is \$200,000,000. Not a bad gig. The existing common shareholders are wiped out, as is my 401K.

Through this entire restructuring process, the largest single shareholder has been silent. If he has relinquished voting rights, this has not be clearly reported, and is in violation of SEC rules. This needs to be thoroughly investigated.

This restructuring is occurring outside of the normal venue of bankruptcy court. I (and many others I have talked to) are astounded that a company would ever be allowed to just announce that its stockholders no longer own the company. Bankruptcy court allows an independent arbiter to judge how the assets can best be used to repay the debt the owner's of a company incurred to put that company into business. Also, all creditors and owners have equal opportunity in bankruptcy court to present their cases.

XO does not want to go to bankruptcy court, because this takeover scam will be stopped in bankruptcy court. This plan has never, and could never, be presented to all of the current

owners of the company for a vote. Note that within two weeks of the 11/29/2001 restructuring announcement, several class-action lawsuits were filed on behalf of the shareholders. That number is now closer to 20.

Please withhold regulatory approval of this restructuring on behalf of all common stockholders in all companies in the US.

Thanks.

Steve Sims (one of the little guys)